



# COMMITTEE ON THE BUDGET

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## SUMMARY

### THE LEGISLATIVE LINE ITEM VETO ACT OF 2006 (H.R. 4890)

#### BILL AS REPORTED

- **Line Item Veto Authority:** Within 45 days of the enactment of a law, the President may transmit a special message proposing to permanently cancel any of three classes of budget provisions – an amount of discretionary budget authority, a direct spending item, or a targeted tax benefit. The President can transmit up to five special messages (an exception is made for omnibus bills), and there is no limitation on combining the three classes in any given special message.
- **Procedures for Expedited Consideration:** For each transmittal, Congress must introduce a bill reflecting the proposed cancellations; refer the bill to the appropriate committee(s); bring the bill to the floor; and vote on the bill. Amendments or motions to strike provisions, or add provisions, are not allowed – it must be an up or down vote on the entire list of proposed cancellations.
- **Budgetary Savings Only:** Congress will vote only on proposed rescissions or cancellations that the Congressional Budget Office certifies as yielding budgetary savings. The President may not use this procedure to alter or modify policies or the priorities of the Congress.
- **Temporary Deferral/Suspension Authority:** While Congress considers legislation to permanently cancel or repeal spending and tax provisions, the President may defer discretionary spending or suspend the implementation of direct spending or tax provisions. Those budget provisions may be deferred for no more than 45 calendar days. The President also is authorized to renew a deferral for an additional 45 days.
- **Savings Go to Deficit Reduction:** This bill devotes any savings from the Legislative Line Item Veto Act to deficit reduction. It accomplishes this primarily by reducing the limits established in the budget resolution by the amount of any savings.

#### MAJOR CHANGES TO BILL AS INTRODUCED

##### Number and Timing of Special Messages

- *HR 4890 as Introduced:* No limit on the number of times the President can propose cancellation for any given bill.
- *Manager's Amendment:* The President may submit 5 special messages per enacted law, and 10 special messages per enacted Omnibus Reconciliation or Appropriations law.

##### Withholding Period for Funds in Requested Rescission

- *HR 4890 as Introduced:* Withheld or suspended provisions for 180 days.
- *Manager's Amendment:*

- ▶ President authorized to withhold spending or suspend benefits up to 45 days.
- ▶ President may not withhold/suspend any dollar amount until the special message is transmitted.
- ▶ President may make funds available earlier if he concludes withholding or suspension of funds would not further the purposes of this Act.
- ▶ President may renew the deferral for another 45 days during prolonged recesses (e.g. at the end of a Congress or for the August break).

#### Re-Submission of Rescission Request

- *HR 4890 as Introduced:* No limit on number of times the President can propose the cancellation of individual spending and tax provisions.
- *Manager's Amendment:* The President may propose the cancellation of any given provision only once.

#### Sunset Provision

- *HR 4890 as Introduced:* Permanent. No Sunset.
- *Manager's Amendment (Amendment Added in Committee):* Will Sunset in 6 years. Must be renewed by October 1, 2012.

#### Tax Application

- *HR 4890 as Introduced:* Applies to all targeted tax benefits – the President determines which provisions meet the definition of “targeted tax benefit.”
- *Manager's Amendment:* Refines the definition of targeted tax benefits in a manner consistent with appropriations earmarks. Enables conferees on tax measures to incorporate into the bill a list of individual targeted tax benefits from which the President can choose items for cancellation.

#### Mandatory Spending Rescissions

- *HR 4890 as Introduced:* Allows the President to modify entitlement programs as he sees fit.
- *Manager's Amendment:* Does NOT allow the President "to modify" direct spending items or targeted tax benefits, but does allow conforming changes to ensure savings are actually achieved.

#### Legislative Text

- *HR 4890 as Introduced:* A rescission bill is introduced exactly as proposed by the President
- *Manager's Amendment:* Defines what constitutes an "approval" bill. This would ensure the Congress is not confronted with votes on non-budgetary provisions.